

## Message Text

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21

ACTION EA-10

INFO OCT-01 EUR-08 NEA-06 ISO-00 CIAE-00 DODE-00 PM-03

H-01 INR-05 L-01 NSAE-00 NSC-05 PA-01 RSC-01 PRS-01

SP-02 SS-15 OMB-01 AID-05 DPW-01 TRSE-00 IO-04 ABF-01

NSCE-00 SSO-00 USIE-00 INRE-00 /072 W

----- 020433

O 071043Z NOV 74

FM AMEMBASSY SAIGON

TO SECSTATE WASHDC IMMEDIATE 139

INFO AMEMBASSY BUDAPEST

AMEMBASSY JAKARTA IMMEDIATE

AMEMBASSY TEHRAN

AMEMBASSY WARSAW

C O N F I D E N T I A L SAIGON 14043

E.O. 11652: GDS

TAGS: MARR, VS, AFIN, ID

SUBJECT: ICCS FINANCES

REF: (A) SAIGON 13933; (B) STATE 244754

1. AT MEETING BETWEEN INDODEL AMB SUHUD, INDODEL OFFICERS, AND EMBOFF MORNING NOV 6, SHUD STATED PRESENT PROBLEM APPEARED TO HAVE ARISEN IN PART BECAUSE PA&E HAD REQUESTED QTE PROVISIONAL PAYMENT AGAINST AUDIT UNQTE WITHIN FIVE DAYS, SUBJECT TO DEDUC-TION FROM NEXT PAYMENT IF NOT APPROVED BY AUDIT. THIS, SUHUD UNDERSTOOD, IS AN AMERICAN COMMERCIAL PRACTICE TO WHICH HUNGARIANS AND POLES HAD NOT BEEN EXPOSED BEFORE. LATTERS' PRACTICE IS TO INSIST UPON PAYMENT ONLY AFTER FULL VERIFICATION. SUHUD ALSO UNDERSTOOD THAT ICCS HAD MADE CONTRACT WITH PA&E ON BASIS OF ADVICE FROM US EMBASSY. EMBOFF CORRECTED HIM, EXPLAINING THAT DECISION TO CONTRACT OUT ALL ADMINISTRATIVE AND LOGISTICAL SERVICES TO PA&E AND OTHER AMERICAN COMMERCIAL FIRMS WAS MADE BY ICCS ALONE. EMBOFF ALSO CORRECTED SUHUD'S MISAPPRE-HENSION BY EXPLAINING PA&E CONTRACT HAD NOT BEEN FORMALLY

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RENEWED AT END OF AUGUST, AND THAT PA&E HAS BEEN CONTINUING

SERVICES ON BASIS OF SPECIFIC ADDITIONAL CONDITIONS OF WHICH SOME MEMBERS OF THE SECRETARIAT AND THE DELEGATIONS HAVE APPEARED TO BE UNAWARE.

2. SUHUD STATED THAT WHILE ICCS AMBASSADORS ON OCT 31 AGREED THAT INDODEL SHOULD DESIGNATE A NEW ACTING DIRECTOR, ANNOUNCEMENT WAS SUPPOSED TO BE MADE ON THAT DATE BY HUNGARIAN AMB AS CHAIRMAN FOR OCTOBER. INDODEL HAD DESIGNATED COL PUJDO PRASETYO, SENIOR ADMINISTRATIVE AND FINANCIAL OFFICER OF INDODEL. HOWEVER, ANNOUNCEMENT HAD NOT BEEN MADE OWING TO FURTHER DISAGREEMENTS OR CONFUSION AMONG THE DELEGATIONS.

3. COL PUJDO, WHO WAS PRESENT AT MEETING, STATED THAT ICCS DOES NOT HAVE PERSONNEL WITH ADMINISTRATIVE AND TECHNICAL CAPABILITY TO TAKE OVER THE ADMINISTRATIVE AND LOGISTICAL SERVICES IN FIELD AND RUN THEM ITSELF. HE STATED THAT IF ICCS IS TO REMAIN DEPLOYED AND PA&E TERMINATES SERVICES, ICCS WILL HAVE TO FIND OTHER CONTRACTORS QUICKLY.

4. MORNING NOV 6 SUHUD HELD CONSULTATION SESSION OF ICCS AMBASSADORS ON PA&E PROBLEM. VERSIONS OF ALL FOUR DELEGATIONS SUBSTANTIALLY AGREE FOLLOWING DECISIONS WERE MADE: COMMISSION WOULD (A) DESIGNATE ACTING DIRECTOR GENERAL PROPERLY AND PROMPTLY; (B) REQUEST PA&E TO EXTEND ITS PRESENT SERVICES FOR THREE MORE MONTHS; (C) PAY PA&E'S \$126,000 BILL ON A QTE PROVISIONAL SUBJECT TO AUDIT UNQTE BASIS, THAT IS, ANY SUM VERIFIED AS NOT PROPERLY DUE WOULD BE DEDUCTED FROM PAYMENT OF NEXT INVOICE (IT NOT CLEAR HOW PROMPTLY ALL OF \$126,000 WOULD BE PAID, AND ACCORDING TO INDONESIANS, FULL PAYMENT BEFORE AUDIT OR VERIFICATION WOULD BE SUBJECT TO PA&E AGREEMENT TO EXTEND SERVICES FOR THREE MORE MONTHS); (D) SEEK INFORMATION ON AVAILABILITY AND CAPABILITY OF ALTERNATIVE LOCAL CONTRACTORS; AND (E) RECONVENE AD HOC COMMITTEE ON POWERS OF THE DIRECTOR GENERAL AND ORGANIZATION OF THE SECRETARIAT WITH ORDERS TO SPEED UP THEIR WORK. ACCORDING MOST ACCOUNTS HUNGARIAN CONTINUED TO DELIVER STRONG WORDS ABOUT QTE DICTATORSHIP OF DIRECTOR GENERAL UNQTE, AND IRANIAN AMB SADRY WAS DISGUSTEDLY SILENT.

5. DURING COURSE OF INFORMAL DISCUSSIONS WITH MEMBERS OF HUNGARIAN AND POLISH DELEGATIONS AT ICCS RECEPTION NOV 6, CONFIDENTIAL

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EMBOFFS ATTEMPTED TO DISABUSE THEM OF THEIR APPARENT BELIEFS THAT USG HAD ORIGINALLY PROMOTED ARRANGEMENT THAT PA&E SHOULD BE ICCS CONTRACTOR, THAT USG HAS CONTROL OVER PA&E, AND THAT PA&E IS STILL BOUND BY OLD CONTRACT (WHICH EXPIRED IN AUGUST). COMMUNIST DELEGATIONS CONTINUED TO CHALLENGE VALIDITY OF \$126,000 INVOICE.

6. FORMAL DESIGNATION OF ACTING DIRECTOR GENERAL WAS NOT

ACTUALLY COMPLETED UNTIL 1100 NOV 7, AND LOCAL EMPLOYEE PAYROLL COULD NOT BE SIGNED UNTIL HIS SIGNATURE AUTHORITY WAS PROCESSED. HE WILL NOT OCCUPY HIS NEW OFFICE UNTIL MORNING NOV 8.

7. IMMEDIATELY UPON RECEIPT OF REFTEL B ON MORNING NOV 7, EMBOFF CALLED ON INDODEL DCM SAMIL AND REPORTED SUBSTANCE OF ACTING SECRETARY'S MESSAGE TO PA&E. EMBOFF EXPLAINED EMBASSY WOULD BE GLAD TO HELP BUT THERE LIMITS AS TO WHAT EMBASSY CAN DO TO SETTLE SUCH A TECHNICALLY COMPLEX FINANCIAL AND LEGAL DISPUTE BETWEEN AN INTERNATIONAL BODY OF WHICH WE NOT MEMBER AND ITS CONTRACTOR WHICH IS A PRIVATE CORPORATION. SAMIL AGREE. EMBOFF EXPRESSED HOPE TO BOTH SAMIL AND COL PUDJO THAT SECRETARIAT COULD BE PULLED TOGETHER SOONEST.

8. MEANWHILE, HICKS SOUGHT AN APPOINTMENT WITH QTE ANYONE IN THE ICCS WHO WOULD LISTEN UNQTE TO HIM. HE WAS TOLD PUDJO WAS NOT AVAILABLE TODAY AND HICKS HAS SO FAR NOT SUCCEEDED IN OBTAINING AN APPOINTMENT BEFORE NOVEMBER 9. EMBASSY PLANS URGE SECRETARIAT TO SEE HIM TOMORROW NOVEMBER 8.  
MARTIN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCE, BUDGETS, FINANCIAL CONTRIBUTIONS, TRUCE OBSERVERS  
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**Copy:** SINGLE  
**Draft Date:** 07 NOV 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** lzenbel0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
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**Office:** ACTION EA  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** (A) SAIGON 13933; (B) STATE 244754  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** lzenbel0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 21 MAY 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <21 MAY 2002 by elyme>; APPROVED <31 MAR 2003 by lzenbel0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ICCS FINANCES  
**TAGS:** MARR, AFIN, VS, ID  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005